

Date: May 7, 2012

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Proposed Updates to Fee Schedule to include fee for Plan Review of Backflow Preventer Device and to change Water and Sewer Engineering Connection Fees

Executive Summary

The Department of Water Management proposes increasing the water and sewer engineering connection fees and adopting an additional plan review fee for backflow prevention devices. The proposed plan review fee for Backflow Prevention Devices will help to cover some of the costs of implementing the City's Cross-Connection Control program which protects the City's potable water from contamination through back-siphonage or other potential hazards. The proposed increases for Connection Fees are necessary to cover the increasing costs of materials and labor used to provide new water and sewer services to customers.

Recommendation

The department recommends that the City Council:

1. adopt an ordinance adding Chapter 15, Part 15-120 (Cross-Connection Control Plan Review) to the City's Fee Schedule with an effective date of October 1, 2012; and
2. adopt an ordinance amending Chapter 13, Part 13-109 (Water and sewer engineering connections) of the City's Fee Schedule with an effective date of October 1, 2012

Background

One of the major safeguards to public health performed by the Department of Water Management is the inspection and regulation of backflow prevention devices which are relied upon to keep harmful substances from entering the City's drinking water system. The Cross Control Connection (CCC) program has been charged with developing policies and procedures to carry out this mission. Beginning in July of 2011, Cross Connection Control was added to the Land Development Office (LDO) permit review process to ensure that approved backflow prevention devices were installed properly in new and retrofitted construction activities. CCC reviews submitted plans for compliance with backflow preventer (BFP) installation requirements and to make sure that appropriate BFPs are selected based on the degree of potential hazard. CCC sign-off is required for issuance of Certificate of Occupancy.

The department's Water and Sewer Maintenance Division is responsible for making connections to the water and sewer lines in accordance with accepted and approved specifications. Division staff has tracked labor and equipment costs through the current work order system and prior cost schedules and has developed the proposed fee schedule increases which more accurately reflect the true cost of performing the connection services.

All activities of the Department of Water Management are funded by rates and user fees. As considerable time and effort is involved in managing/reducing the risk to public health from possible cross connection hazards and connecting new water and sewer services, the Department believes it equitable that those customers benefitting from such procedures should bear the expense, and not have the cost passed on to all other customers.

Issues/Analysis

Standard water industry policies include installation and periodic testing backflow prevention devices to safeguard public health by eliminating possible sources of contamination of the water supply. Based on the current year's efforts, staff developed the proposed plan review fee to cover the cost of time and materials necessary for thorough review.

The City has a policy of charging customers to recover engineering fees. Staff has estimated the cost of time and materials for such procedures. Good business practices include periodic review of fees to assure adequate cost recovery.

Alternatives

1. Make no changes. Not requiring a paid fee to document plan review could result in the inadvertent or deliberate connection of untested and/or improperly installed backflow prevention devices, especially if the Cross Connection Control Division is unaware of a newly installed device. Not increasing the connection fees would result in higher rates as unrecovered costs are passed on in consumption charges.
2. Adopt the ordinances as recommended which will result in improved safeguards to public health and better cost recovery for the City.

Financial Impacts

Staff estimates the increased plan review fee for backflow devices could result in an additional \$100,000 annually and that increasing connection fees would bring in approximately \$25,000 if FY 11-12 growth rates continue into the future.

SDBE Summary:

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.

Attachments

Ordinance adding Chapter 15, Part 15-120

Ordinance amending Chapter 13, Part 13-109